

TOWN OF STONEWALL, LOUISIANA

Annual Financial Statements

June 30, 2022

TOWN OF STONEWALL, LOUISIANA

TABLE OF CONTENTS June 30, 2022

	Statement/ Schedule	Page
Independent Auditor's Report		3-5
<u>Required Supplemental Information (Part I):</u>		
Management's Discussion and Analysis		7-12
<u>Basic Financial Statements:</u>		
<u>Governmental-Wide Financial Statements:</u>		
Statement of Net Position	A	15
Statement of Activities	B	16
<u>Fund Financial Statements:</u>		
Balance Sheet, Governmental Fund with Reconciliation of Fund Balance of Governmental funds to the Governmental Activities In the Statement of Net Position	C	18
Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Fund with Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	D	19
<u>Notes to the Financial Statements:</u>		
Notes to the Financial Statements		21-29
<u>Required Supplemental Information (Part II):</u>		
Budgetary Comparison Schedule - General Fund	1	31
Notes to Budgetary Comparison Schedule		32
<u>Other Supplemental Information:</u>		
Schedule of Compensation, Benefits, and Other Payments To Agency Head or Chief Executive Officer	2	34
Justice System Funding Schedule – Collecting/Disbursing Entity	3	35
<u>Other Reports Required by <i>Government Auditing Standards</i>:</u>		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>		37-38

TOWN OF STONEWALL, LOUISIANA

**TABLE OF CONTENTS (CONTINUED)
June 30, 2022**

	Page
<u>Audit Findings:</u>	
Schedule of Findings	40
Summary Schedule of Prior Year Findings	41
<u>Report on Other Legal and Regulatory Requirements:</u>	
Independent Accountant's Report on Applying Agreed Upon Procedures	43-51



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF
122 Jefferson Street
Mansfield, LA 71052
www.deesgardnercpas.com

Maura Dees Gardner, CPA, CFE
1659 Hwy 171 / P.O. Box 328
Stonewall, LA 71078
Phone: (318) 872-3007

INDEPENDENT AUDITOR'S REPORT

The Honorable Kenneth Kaffka, Mayor
and the Members of the Town Council
Town of Stonewall, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Town of Stonewall, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Town of Stonewall, Louisiana, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Stonewall, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Stonewall, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the of Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information listed in the table of contents as Required Supplemental Information Part I and Part II be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to Required Supplemental Information Part I in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonewall, Louisiana's basic financial statements. The supplementary information, listed in the table of contents as Other Supplemental Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and Required Supplemental Information Part II are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the Town of Stonewall, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Town of Stonewall, Louisiana's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 30, 2022, on the results of our state-wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state-wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana.
December 30, 2022

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

TOWN OF STONEWALL, LOUISIANA
Management's Discussion and Analysis

June 30, 2022

As management of the Town of Stonewall, Louisiana, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Stonewall as of and for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

Financial Highlights

The Town experienced an increase in its net position of \$656,796 (11.65%) during the fiscal year ended June 30, 2022, compared to an increase of \$608,779 (12.3%) the prior year. At June 30, 2022, the assets of the Town exceeded its liabilities by \$6,293,883 compared to prior year's ending net position of \$5,637,087, restated.

In the year ended June 30, 2022, the Town adopted GASB Statement No. 87 "Leases." (See Note 8 in the Notes to the Financial Statements) Implementation of the GASB required a restatement to prior net position due to a change in accounting principles. The restatement increased net position \$69,523. An asset for a lease receivable and a deferred inflow of resources for deferred rental income were added to the Statement of Net Position.

The Town's total revenues increased \$419,436 or 33.08% to \$1,687,282 for fiscal year ended June 30, 2022 from \$1,267,846 in June 30, 2021. This is due to an increase in sales tax, grant revenues and royalty revenues.

As of the close of the fiscal year, the Town's governmental funds reported an ending fund balance of \$3,182,900, an increase of \$429,401 from the \$2,753,499 fund balance for the prior year.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the Town of Stonewall's basic financial statements. The basic financial statements include two kinds of financial statements that present different views of the Town—the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail. This report also contains additional required supplementary information—a budgetary schedule—in addition to the basic financial statements and other supplementary information for analysis. These components are described below:

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Stonewall's finances in a manner similar to a private-sector business. The government-wide financial statements include two statements:

The *statement of net position* presents information on all the Town of Stonewall's assets and liabilities, with the difference between the two reported as *net position*. Overtime increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Stonewall is improving or deteriorating.

The *statement of activities* presents information showing how the Town of Stonewall's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide financial statements distinguish functions of the Town that are principally supported by taxes, licenses, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, parks and recreation and economic development. The Town does not have any business-type activities. The Government-Wide financial statements can be found immediately following this discussion and analysis.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Stonewall, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Town of Stonewall has one governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in evaluating a government's near-term financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds financial statements can be found immediately following the government-wide financial statements.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Other Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The Town of Stonewall adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budgetary compliance.

Other Supplementary Information

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3). The Justice System funding reporting schedule is presented to fulfill the requirements of Louisiana Revised Statute 24:515.2.

Financial Analysis of Government-wide Activities

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position totaled \$6,293,883 at June 30, 2022.

The portion of the Town's net position of \$3,035,539 (48.23%) at June 30, 2022, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment); less any related debt used to acquire those assets that is still outstanding, compared to \$2,814,066 (49.92%) as of June 30, 2021. The Town uses these capital assets to provide services to the citizens of the Town; consequently, these assets are not available for future spending.

The remaining portion of the Town's net position, \$3,258,344 (51.77%) and \$2,823,021, restated, (50.08%) as of June 30, 2022 and 2021, respectively, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors at the discretion of the mayor and councilmen. \$3,101,148 (95.18%) of the unrestricted net position of the Town consists of cash, demand deposits, and certificates of deposit compared to \$2,682,231 (95.01%) for the prior year.

A summary of the Statement of Net Position is below:

	June 30, 2022	Restated June 30, 2021	% Change
ASSETS			
Cash and cash equivalents	\$ 2,569,829	\$ 2,151,970	19.4%
Investments	531,319	530,261	0.2%
Accounts receivable	77,034	74,952	2.8%
Utility deposits	55	55	0.0%
Prepaid expenses	18,148	18,634	-2.6%
Long-term lease receivable	619,916	628,947	-1.4%
Capital assets (net of accumulated depreciation)	3,035,539	2,814,066	7.9%
TOTAL ASSETS	\$ 6,851,840	\$ 6,218,885	10.2%
LIABILITIES			
Accounts payable	\$ 13,485	\$ 22,374	-39.7%
TOTAL LIABILITIES	\$ 13,485	\$ 22,374	-39.7%
DEFERRED INFLOWS OF RESOURCES			
Deferred lease income	\$ 544,472	\$ 559,424	-2.7%
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 544,472	\$ 559,424	-2.7%
NET POSITION			
Net investment in capital assets	\$ 3,035,539	\$ 2,814,066	7.9%
Unrestricted	3,258,344	2,823,021	15.4%
TOTAL NET POSITION	\$ 6,293,883	\$ 5,637,087	11.7%

Changes in net position

The Town's net position increased by \$656,796 (11.65%) during the year ended June 30, 2022, compared to an increase of \$608,779 (12.3%) in 2021. General revenues increased by \$152,343 due primarily to increases in sales taxes and other general revenue. Program revenues increased by \$267,093 due primarily to an increase in operating grants.

\$69,284 (4.11%) of the Town's total revenues was derived through charges for services during 2022 compared to \$115,600 (9.12%) for the prior year. The Town received \$396,049 (23.47%) and \$82,640 (6.52%) of its total revenues through program grants and contributions during 2022 and 2021, respectively. \$1,221,949 (72.42%) was derived from general revenues including sales taxes, franchise taxes, occupational license, rent, and interest compared to \$1,069,606 (84.36%) during 2021. The net effect of the *increase* in revenue is \$419,436 or 33.08%.

The expenses were up \$317,419 or 56.36%. The increase in expenses was primary due to an increase in general and administrative expenses which increased \$213,831 (59.63%) in 2022 as compared to 2021 and due to an increase in public works which increased \$142,871 (38.57%) in 2022 as compared to 2021. The principal expenses were for general and administrative \$572,455 (55.55%), public works \$397,438 (38.57%), and parks and recreation \$57,459 (5.58%).

A summary of the Statement of Activities is presented on the next page:

	For the year ended <u>June 30, 2022</u>	For the year ended <u>June 30, 2021</u>	% <u>Change</u>
Revenue			
Program revenues:			
Charges for services	\$ 69,284	\$ 115,600	-40.1%
Grants, operations	383,419	-	100%
Grants, capital	12,630	82,640	-84.7%
General revenues:			
Sales tax	675,754	605,628	11.6%
Franchise tax	240,717	205,064	17.4%
Licenses	144,245	145,938	-1.2%
Other general revenue	157,166	110,393	42.4%
Interest	3,644	2,583	41.1%
Gain on sale of assets	423	-	100%
Total revenues	<u>1,687,282</u>	<u>1,267,846</u>	<u>33.1%</u>
Expenses			
General and administrative	572,455	358,624	59.6%
Public safety	980	2,682	-63.5%
Public works	397,438	254,567	56.1%
Parks and recreation	57,459	40,362	42.4%
Economic Development	2,154	2,832	-23.9%
Total expenses	<u>1,030,486</u>	<u>659,067</u>	<u>56.4%</u>
Increase (decrease) in net position	656,796	608,779	
Net position beginning of year	5,637,087	4,958,785	
Net position adjustment	-	69,523	
Net position end of year	<u>\$ 6,293,883</u>	<u>\$ 5,637,087</u>	11.65%

Financial Analysis of the Governmental Funds

As noted earlier, the Town of Stonewall uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2022, the General Fund's fund balance of \$3,182,900 shows an increase of \$429,401 (15.59%) in comparison to a fund balance of \$2,753,499 at June 30, 2021.

General Fund Budgetary Highlights

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Town complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

Actual revenues (including other financing sources) were less than budgeted revenues by \$6,928. Total expenditures were less than budgeted expenditures by \$656. The Town amended the budget three times during the period ended June 30, 2022.

Capital Asset and Debt Administration

Capital assets The Town of Stonewall's investment in capital assets for its governmental activities as of June 30, 2022, totaled \$3,035,539 (net of accumulated depreciation of \$1,895,392). This investment includes land, buildings, furniture, equipment, and infrastructure. The town spent \$456,023 for capital outlays in the fund financial statements. This included new furniture and equipment for town hall and public works projects. Depreciation expense was \$216,617.

Long-term debt The Town of Stonewall has no debt outstanding.

Economic Factors and Next Year's Budget

For the fiscal year ending June 30, 2022, the following factors were considered when the budget was prepared:

- Due to the COVID-19 pandemic, the United States has experienced volatile economic conditions and disruption of general business activities. It is unknown how this will affect the Town of Stonewall's operations in the coming year at the date of this report. At the present time, the Town of Stonewall has not experienced any major impact from the pandemic. Revenues have remained steady.
- Other expenditures are expected to remain steady with the prior year

Requests for Information

This financial report is designed to provide a general overview of the Town of Stonewall's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Stonewall, P. O. Box 92, Stonewall, LA 71078.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF STONEWALL, LOUISIANA
STATEMENT OF NET POSITION
June 30, 2022

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and cash equivalents	\$	2,569,829
Investments		531,319
Accounts receivable		77,034
Prepaid expenses		18,148
Deposits		55
Lease receivable		619,916
Capital assets, net of depreciation		3,035,539
TOTAL ASSETS		6,851,840
LIABILITIES		
Current Liabilities:		
Accounts payable		13,334
Payroll liabilities		151
TOTAL LIABILITIES		13,485
DEFERRED INFLOWS OF RESOURCES		
Deferred lease income		544,472
TOTAL DEFERRED INFLOWS OF RESOURCES		544,472
NET POSITION		
Net investment in capital assets		3,035,539
Unrestricted		3,258,344
TOTAL NET POSITION	\$	6,293,883

The accompanying notes are an integral part of the financial statements.
See the accompanying independent auditor's report.

TOWN OF STONEWALL, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Governmental Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government					
Administration	\$ 533,351	\$ -	\$ 383,419	\$ -	\$ (149,932)
Building and grounds	39,104	59,488	-	-	20,384
Public safety-police	980	4,071	-	-	3,091
Public works- streets	397,438	5,725	-	-	(391,713)
Economic development	2,154	-	-	-	(2,154)
Parks and recreation	57,459	-	-	12,630	(44,829)
Total Governmental Activities	\$ 1,030,486	\$ 69,284	\$ 383,419	\$ 12,630	\$ (565,153)
General Revenues:					
					675,754
					240,717
					144,245
					3,644
					157,166
					423
					<u>1,221,949</u>
					Change in Net Position 656,796
					Net Position Beginning 5,567,564
					Prior period adjustment <u>69,523</u>
					Net Position Ending \$ <u><u>6,293,883</u></u>

The accompanying notes are an integral part of the financial statements.
See the accompanying independent auditor's report.

FUND FINANCIAL STATEMENTS

TOWN OF STONEWALL, LOUISIANA
BALANCE SHEET, GOVERNMENTAL FUND
June 30, 2022

		General Fund
ASSETS		
Cash and cash equivalents	\$	2,569,829
Investments		531,319
Accounts receivable		77,034
Prepaid expenses		18,148
Deposits		55
TOTAL ASSETS	\$	3,196,385
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$	13,334
Payroll liabilities		151
Total Liabilities		13,485
Fund Balances:		
Nonspendable		18,203
Unassigned		3,164,697
Total Fund Balances		3,182,900
TOTAL LIABILITIES AND FUND BALANCES	\$	3,196,385

**Reconciliation of Fund Balance of Governmental Funds to the Governmental Activities
in the Statement of Net Position**

Fund Balance of Governmental Funds	\$	3,182,900
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term lease of assets used in governmental activities are not financial resources and, therefore, are not reported in funds		619,916
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds		
Add capital assets	\$	4,930,931
Less accumulated depreciation		(1,895,392)
Certain deferred inflows are reported in the Statement of Net Position but not in the governmental funds		
Deferred lease revenue		(544,472)
Net Position of Governmental Activities, Statement A	\$	6,293,883

The accompanying notes are an integral part of the financial statements.
See the accompanying independent auditor's report.

TOWN OF STONEWALL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2022

	General Fund
Revenues	
Sales taxes	\$ 675,754
Franchise taxes	240,717
Intergovernmental revenue	
Federal grant	396,049
Permits	27,164
Charges for services	38,837
Licenses	144,245
Fines and forfeitures	4,071
Interest income	3,644
Other	150,454
Total Revenues	1,680,935
Expenditures	
Current:	
General government	535,515
Public safety-Police	980
Public works- Streets and right of ways	246,521
Economic development	2,154
Parks and recreation	28,698
Capital outlays	456,023
Total Expenditures	1,269,891
Net Change in Fund Balance before Other Financing Source	411,044
Other Financing Source	
Sale of assets	18,357
Total Other Financing Source	18,357
Net Change in Fund Balance	429,401
Fund balance, beginning of year	2,753,499
Fund balance, end of year	\$ 3,182,900

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the
Governmental Funds to the Statement of Activities**

Amounts reported for governmental activities in the statement of activities are different because

Net change in fund Balance--governmental funds	\$ 429,401
Some revenues reported in the statement of activities do not provide current financial resources in the governmental activities	
Difference in lease revenue recognized (\$14,952) and lease revenue collected (\$9,031)	5,921
Governmental funds report capital outlays as expenditures and the sales price of assets as revenue. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense and gain or loss on disposition of assets is recorded.	
Sale proceeds for assets (\$18,357) more than gain on sale of assets (\$423)	(17,933)
Capital outlays (\$456,023) less than Depreciation expense (\$216,617)	239,407
Change in Net Position, Statement of Activities	\$ 656,796

The accompanying notes are an integral part of the financial statements.
See the accompanying independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2022

INTRODUCTION

The Town of Stonewall, Louisiana (*The Town*) was incorporated on July 12, 1972, under the provisions of the Lawrason Act. The Town operates under the Mayor-Council form of government and provides the following services as authorized by the Act: public safety-police; public works: streets; parks and recreation and general services. The Town is located in the northwest Louisiana parish of Desoto and has a population of 2,300, more or less. The Town employs five.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. This report includes all funds that are controlled by or dependent on the Town's Executive and Legislative Branches (The Mayor and Board of Aldermen).

The primary government (Town of Stonewall) is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There were no entities that were determined to be component units of the Town of Stonewall.

B. Basis of Presentation

The Town of Stonewall's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements.

C. Fund Accounting

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Government funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town, or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds, or management believes that the fund is particularly important to the financial statement users. The municipality reports the following governmental fund:

- The *General Fund* is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is always reported as major governmental fund in governmental fund statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. The government-wide statement of net position is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The government-wide statement of activities reports both the gross and net cost of each of the Town's functions (public safety, public works, parks, and recreation, etc.). The functions are also supported by general government revenues (sales and franchise taxes, occupational license fees, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (police, building and grounds, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants. The net costs by function are normally covered by general revenues. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide view of the Town's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Sales taxes, franchise taxes, grant revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Fines, permits, and license revenues are considered to be measurable and available only when cash is received by the government.

Cash and Investments

Cash includes cash on hand, amounts in demand deposits, and interest-bearing demand deposits. Under state law the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These are classified as investments if their original maturities exceed approximately 90 days. All investments are recorded at fair value based on quoted market prices. The Town does not currently have any certificates or time deposits that exceed approximately 90 days.

Prepaid Expenses

Prepaid items consist of insurance paid in the current year for the next period.

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20-40 years
Furniture and fixtures	5-10 years
Vehicles	5-15 years
Equipment	5-20 years

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. In connection with implementation of GASB No. 34, the Town established a threshold of \$1,000 for capitalization of depreciable assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Depreciation of all exhaustible capital assets is reported as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the town, no salvage value is taken into consideration for depreciation purposes.

Compensated Absences

The Town has the following policy relating to vacation and sick leave:

A full-time employee, after completing one year of continuous employment from the date of hire, is eligible for forty hours vacation with pay. An employee, upon completion of two years continuous employment from the date of hire is eligible for eighty hours of vacation with pay. Upon completion of eight years of continuous employment, the employee is eligible for three weeks of vacation with pay. No vacation leave is carried over from one year to the next.

Each employee is granted five days sick leave with pay annually with an extension of up to ten days if approved by the Mayor. Any extra sick days for long-term illness must be approved by the Town council. A maximum carry-over of five days is permissible.

The Town's recognition and measurement criteria for compensated absences follow:

The unused vacation leave is not carried over at year end, thus, there is no accrued liability for compensated absences. Sick leave is not accrued. At June 30, 2022, there are no accumulated or vested benefits relating to vacation and sick leave. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken.

Sales and Use Taxes

The Town of Stonewall has a one per cent sales and use tax approved by the voters on May 23, 1988, for an indefinite period. The tax, after all necessary costs for collection and administration, is authorized to be used by the governing authority of the Town of Stonewall on behalf of the Town and its residents for any lawful corporate purpose for which any funds of the Town may be expended.

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those amounts.

Net Position and Fund Equity

Net Position. In the government-wide financial statements, fund equity (the difference between assets and liabilities) is classified as net position and reported in three components:

- a. *Net investment in capital assets*—Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. *Restricted net position*—Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Town's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. *Unrestricted net position*—Consists of all other net position that does not meet the definition of the above two components and is available for general use by the Town.

The Town of Stonewall's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance. In accordance with GASB 54, the Town classifies fund balances in governmental funds as follows:

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. *Nonspendable:* Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Town has classified deposits and prepaid items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- b. *Restricted:* Amounts that can be spent only for specific purposes because of the Town's charter or codes, state or federal laws, or externally imposed conditions by grantors or creditors. The Town did not have any restricted resources as of June 30, 2022.
- c. *Committed:* Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution. The Town did not have any committed resources as of June 30, 2022.
- d. *Assigned:* Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by Town Council. The Town did not have any assigned resources as of June 30, 2022.
- e. *Unassigned:* All amounts not included in other spendable classifications.

The Town would typically use Restricted fund balance first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principle and Restatement

For June 30, 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Town's financial statements. This resulted in a restatement of previously reported net position as follows:

		<u>Government-wide</u> <u>Governmental</u> <u>Activities</u>
Net Position, June 30, 2021, as previously reported	\$	5,567,564
Adjustments:		
Lease receivable		628,947
Deferred inflows - leases		(559,424)
Total Net Position, June 30, 2022, as previously reported	\$	<u>5,637,087</u>

NOTE 2. CASH AND INVESTMENTS

Cash:

At June 30, 2022, the Town has cash (book balances) in demand deposits totaling \$2,569,829. These deposits are stated at cost, which approximates market.

Investments:

At June 30, 2022, the Town has investments in certificates of deposit totaling \$531,319. These are all being held for a period of one year or less.

The cash and investments of the Town of Stonewall are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

At June 30, 2022, the Town had collected bank balances totaling \$3,107,974. These deposits are secured from risk by \$620,383 of federal deposit insurance. The remaining balance of \$2,487,591 is secured by pledged securities with a market value of \$4,083,869 held by the custodial banks in the name of the Town.

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2022

NOTE 2. CASH AND INVESTMENTS (continued)

Interest Rate Risk: This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of any investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Town's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

NOTE 3. RECEIVABLES

Substantially all receivables are considered to be fully collectible and no allowance for uncollectibles is used. The Town's receivables of \$77,034 at June 30, 2022, are as follows:

Franchise tax	\$	41,681
Licenses		35,353
Total	\$	<u>77,034</u>

NOTE 4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the ended June 30, 2022, for the Town is as follows:

	Balance 6/30/2021	Increases	Reclassifications/ Decreases	Balance 6/30/2022
Capital assets, not being depreciated				
Land	\$ 252,633	\$ -	\$ -	\$ 252,633
Total capital assets, not being depreciated	<u>\$ 252,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,633</u>
Capital assets being depreciated				
Buildings	\$ 934,605	\$ 6,227	\$ (45,600)	\$ 895,232
Equipment and furniture	291,962	43,801	(7,618)	328,145
Heavy Machinery	79,756	-	-	79,756
Improvements	2,895,812	192,634	(2,450)	3,085,996
Vehicles	63,189	-	-	63,189
Construction in progress	12,620	213,361	-	225,981
Total capital assets being depreciated	<u>4,277,943</u>	<u>456,023</u>	<u>(55,668)</u>	<u>4,678,298</u>
Less accumulated depreciation for				
General government	436,455	36,940	(37,735)	435,660
Public Safety	26,370	-	-	26,370
Culture and recreation	237,612	28,760	-	266,372
Public Works	1,016,073	150,917	-	1,166,990
Total accumulated depreciation	<u>1,716,510</u>	<u>216,617</u>	<u>(37,735)</u>	<u>1,895,392</u>
Total Capital assets, net	<u>\$ 2,814,066</u>	<u>\$ 239,406</u>	<u>\$ (17,933)</u>	<u>\$ 3,035,539</u>

Depreciation expense of \$216,617 for the year ended June 30, 2022, was charged to the following governmental functions:

General government	\$	36,940
Public works		150,917
Culture and recreation		28,760
	\$	<u>216,617</u>

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2022

NOTE 5. PENSION PLAN

All employees of the Town are members of the Social Security System. The Town does not guarantee the benefits granted by the Social Security System. The Town also provides an up to three percent matching contribution to employees through a retirement benefit plan. The Town's expense for year end June 30, 2022, is \$1,940.

NOTE 6. LITIGATION AND CLAIMS

At June 30, 2022, the Town of Stonewall was involved in litigation concerning one matter which, in the estimation of the legal advisor of the Town of Stonewall, an estimate of ultimate resolution of the suit cannot be made. However, it is the opinion of legal counsel that an unfavorable outcome is unlikely in the pending lawsuit.

NOTE 7. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering automobiles, professional liability and surety bond coverage. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended.

NOTE 8. GASB 87 LEASE

Under GASB 87, the Town recognizes all leases over one year in term as a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Lease revenue is recognized from the deferred inflow of resources in a systematic and rational manner over the term of the lease.

In November 2013, the Town entered into a lease agreement with the Louisiana Coalition for Accessible and Sustainable Healthcare (LaCASH) to lease the surface use of land at 160 Stonecreek Drive, Stonewall, Louisiana for forty-five years at a monthly base rental of \$625, increasing annually 3%. LaCASH designed and constructed a building at its sole cost, responsibility, and liability for the purpose of providing healthcare services to the residents of Stonewall and the surrounding area. The Town recognized deferred rental income of \$14,952 for the year end June 30, 2022, from this contract. Principal on the receivable was reduced by \$9,031 and interest income of \$328 was recognized.

The changes in lease receivable and deferred inflows for June 30, 2022 are as follows:

		Lease Receivable		Deferred Inflows
Beginning balances	\$	628,947	\$	559,424
Principal received		(9,031)		
Income recognized				(14,951)
Ending balances	\$	<u>619,916</u>	\$	<u>544,473</u>

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2022

NOTE 8. GASB 87 LEASE (continued)

The future minimum lease receivable payments, interest, and deferred inflows recognized under this lease is as follows:

Year ending	Principal	Interest	Total	Revenue Recognized from Inflows
2023	\$ 9,414	\$ 224	\$ 9,638	\$ 14,951
2024-2028	52,294	409	52,703	74,756
2029-2033	61,036	60	61,096	74,756
2034-2038	70,818	9	70,827	74,756
2039-2043	82,106	1	82,107	74,756
2044-2048	95,184	-	95,184	74,756
2049-2053	110,345	-	110,345	74,756
2054-2059	138,719	-	138,719	80,986
Totals	<u>\$ 619,916</u>	<u>\$ 703</u>	<u>\$ 620,619</u>	<u>\$ 544,473</u>

NOTE 9. COOPERATIVE ENDEAVOR AGREEMENTS/SHORT-TERM LEASES

In May 2005, the Town entered into a cooperative endeavor agreement with the DeSoto Parish School Board to lease unused school property for twenty-five years to the Town at \$5.50 a year. The Town currently utilizes the property to house DeSoto Fire District No. 3 and the park. Lease expense was prepaid (\$27.50) for 5 years until 2025.

In February 2019, the Town entered into a lease agreement with North DeSoto Water System, Inc. to lease a 100 by 100 foot parcel of land located at the Town Park for the Water System to put a water well. It was agreed that after completion of the tests of the well to ensure it was capable of producing water in sufficient qualities and quantities, a lease would be executed. The well is still under exploration.

In December 2019, the Town entered into a cooperative endeavor agreement with South Central Planning and Development Commission for use of a permit management software to be used by the Town. The fees to be paid are dependent upon the volume of permits managed by the software.

In June 2020, the Town entered into a cooperative endeavor agreement with the DeSoto Parish Police Jury to repair and upgrade the drainage on six roads located in the Town limits. The police jury will provide the necessary labor, equipment, and materials necessary to perform the repairs. The Town will reimburse the Police Jury for materials. This is still on-going as of yearend June 30, 2022.

In September 2020, the Town entered into a cooperative endeavor agreement with Greg Lemoine to issue permits and enforce the building codes. All fees will be determined by the Town and Greg Lemoine will invoice the Town monthly.

In September 2021, the Town entered into a lease agreement with Inner Quality Services to lease 1318 US Highway 171. The lease expires September 30, 2022. The lease was renewed after year end. The Town recognized rental income of \$9,900 for the year ended June 30, 2022.

In September 2021, the Town entered into a cooperative endeavor agreement with the Department of Treasury, State of Louisiana, for funds to construct public restroom facilities. The Town is on a reimbursement basis and has received \$12,630 as of June 30, 2022.

In September 2021, the Town entered into a cooperative endeavor agreement with the DeSoto Parish Police Jury for the overlay of Hall Road to Stanley Road. The Police Jury will provide the necessary labor, equipment, and materials necessary to perform the repairs. The Town will reimburse the Police Jury for materials. This is still on-going as of year-end June 30, 2022.

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2022

NOTE 9. COOPERATIVE ENDEAVOR AGREEMENTS/SHORT-TERM LEASES (continued)

In December 2021, the Town entered into a cooperative endeavor agreement with North Desoto Water System, Inc to be awarded as a subrecipient to modify and upgrade the Baker Road Booster Station. The Town transferred \$169,850 in SLFRF funds to North Desoto Water System, Inc. authorized by the American Rescue Plan Act on May 18, 2022.

In January 2022, the Town entered into a cooperative endeavor agreement with Salem Baptist Church of Stonewall, Louisiana to repair potholes and other visible imperfections on the surface of Salem's parking lot and Salem agrees to make the private parking lot available to the public and Stonewall during public events. This agreement expires January 19, 2024.

In April 2022, the Town entered into a cooperative endeavor agreement with Department of the Treasury, State of Louisiana for funds for street improvements. There have been no reimbursements as of June 30, 2022.

NOTE 10. RELATED PARTY TRANSACTIONS

The Town received a reimbursable, pass-through grant from the Louisiana Office of Community Development for North DeSoto Water System's Collinswood Road booster station modifications and upgrades. This booster station services the southernmost area of the North DeSoto Water System which includes the four school buildings of the North Desoto School District with approximately 2,525 students. The North DeSoto School District encompasses the entire Town and North DeSoto Water System service area. The water system services the entire Town. The Mayor of Stonewall, Randy Rodgers, is the board chairman of North DeSoto Water System.

The Town has been awarded funds as part of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) established by the American Rescue Plan Act of 2021. SLFRF funds can be used to make necessary water improvements. North DeSoto Water System is a qualified subrecipient to make water improvements and the Town transferred \$169,850 in SLFRF funds to North Desoto Water System on May 18, 2022. The Mayor of Stonewall at the time, Randy Rodgers, is the board chairman of North DeSoto Water System.

NOTE 11. PAYMENTS TO COUNCIL MEMBERS

		Per Diem	Total
Don Crosslin	Councilman	\$ 350	\$ 350
Crystal Walsh	Councilwoman	600	600
Margaret Dickerson	Councilwoman	500	500
Michael Norton	Councilman	200	200
Brandon Garsee	Councilman	600	600
Robert Baker	Councilman	600	600
Totals		\$ 2,850	\$ 2,850

NOTE 12. SUBSEQUENT EVENTS

Management has performed an evaluation of the Town's activities through December 30, 2022 and has concluded that there are no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

TOWN OF STONEWALL, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Sales taxes	\$ 525,000	\$ 675,000	\$ 675,754	\$ 754
Franchise taxes	204,000	241,000	240,717	(283)
Intergovernmental revenue				
State grants	70,000	-	-	-
Federal grant	-	398,419	396,049	(2,370)
Permits	37,000	31,000	27,164	(3,836)
Charges for Services	48,000	48,000	38,837	(9,163)
Licenses	130,000	145,000	144,245	(755)
Court fines and forfeitures	18,000	3,000	4,071	1,071
Investment earnings	3,000	3,000	3,644	644
Other revenue	30,000	141,801	150,454	8,653
Total Revenues	<u>1,065,000</u>	<u>1,686,220</u>	<u>1,680,935</u>	<u>(5,285)</u>
Expenditures				
Current:				
General government administrative	369,770	509,222	496,412	12,810
Other general government	-	-	39,103	(39,103)
Public safety	-	-	980	(980)
Public works	531,000	92,125	246,521	(154,396)
Economic development	6,000	6,000	2,154	3,846
Parks and recreation	158,500	26,700	28,698	(1,998)
Capital outlay	-	636,500	456,023	180,477
Total Expenditures	<u>1,065,270</u>	<u>1,270,547</u>	<u>1,269,891</u>	<u>656</u>
Net Change in Fund Balance before other financing sources	<u>(270)</u>	<u>415,673</u>	<u>411,044</u>	<u>(4,629)</u>
Other financing source				
Sale of assets	30,000	20,000	18,357	(1,643)
Total other financing source	<u>30,000</u>	<u>20,000</u>	<u>18,357</u>	<u>(1,643)</u>
Net Change in Fund Balance	29,730	435,673	429,401	(6,272)
Fund balances, beginning of year	<u>2,753,499</u>	<u>2,753,499</u>	<u>2,753,499</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,783,229</u>	<u>\$ 3,189,172</u>	<u>\$ 3,182,900</u>	<u>\$ (6,272)</u>

The accompanying notes are an integral part of the financial statements.
See the accompanying independent auditor's report.

TOWN OF STONEWALL
NOTES TO THE BUDGETARY COMPARISON SCHEDULE

As of and For the Year Ended June 30, 2022

Budgetary Information

The proposed budget for June 30, 2022, fiscal year was adopted June 8, 2021, after being introduced by the Mayor and made available for public inspection at the town hall of Stonewall, Louisiana. The Town of Stonewall's budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the modified cash basis of accounting. The budget was amended three times during the year.

The Budgetary Comparison Schedule presents comparisons of the original and final legally adopted budget with the actual data.

Through the budget, the Town allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the Town's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Town's performance.

The following is the budget process of the Town:

The Mayor and Town Clerk prepare a proposed budget and submit the same to the Town Council members no later than fifteen days prior to the beginning of each fiscal year. The proposed budget is reviewed by the Town Council and made available to the public. At least ten days after publication of the call for a public hearing, the Town holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the Town Council as a whole. The budget is then adopted through the passage of an ordinance during the June meeting.

During the year, the Council receives monthly budget comparison statements, which are used as tools to control the operations of the Town. The Town Clerk presents necessary budget amendments to the board when she determines that actual operations are differing materially from those anticipated in the original budget. The Town Council in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The budget was amended three times during the year. The Mayor and Town Council must approve all changes in the budget. The Town does not use encumbrance accounting in its accounting system.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

The Louisiana Revised Statute 39:1310 requires the operating budget of the general fund to be amended whenever 1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more; 2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more; or 3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

The Town is in compliance with the Louisiana Local Government Budget Act.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF STONEWALL, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEADS OR CHIEF EXECUTIVE OFFICER
For the Year Ended June 30, 2022

	Randal Rodgers Mayor
Salary	\$ 16,800
Benefits-insurance (Medicare)	244
Benefits- retirement (Social Security)	1,042
Benefits - retirement	-
Car allowance	-
Dues and memberships	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Court pay	-
Cell phone	678
Uniforms	-
Total	\$ <u>18,764</u>

See independent auditor's report.

TOWN OF STONEWALL, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the year ended June 30, 2022

Cash Basis Presentation	<u>First Six Month Period Ended 12/31/21</u>	<u>Second Six Month Period Ended 6/30/22</u>
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Criminal Fines - Other	2,141	1,930
Subtotal Collections	<u>2,141</u>	<u>1,930</u>
Less: Disbursements To Governments & Nonprofits:		
DeSoto Parish Crime Stoppers, Inc.	18	12
La Dept of Health and Hospitals: Traumatic Head and Spinal Cord Injury Trust Fund Program	25	30
42nd Judicial District Indigent Defender Fund	75	45
Louisiana Commission on Law Enforcement	95	57
Louisiana Supreme Court	4	3
North Louisiana Criminalistics Laboratory	300	180
Treasurer State of Louisiana - Case Management Information System	10	6
Ware Youth Center	75	46
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency	<u>1,539</u>	<u>1,551</u>
Subtotal Disbursements/Retainage	<u>2,141</u>	<u>1,930</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING
STANDARDS*



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF
122 Jefferson Street
Mansfield, LA 71052
www.deesgardnercpas.com

Maura Dees Gardner, CPA, CFE
1659 Hwy 171 / P.O. Box 328
Stonewall, LA 71078
Phone: (318) 872-3007

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Kenneth Kaffka
And the Members of the Town Council of
Town of Stonewall, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of the Town of Stonewall, Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Stonewall, Louisiana's basic financial statements and have issued our report thereon dated December 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Stonewall's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Stonewall's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Stonewall's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stonewall, Louisiana's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of any audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Town of Stonewall management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited. Under Louisiana Revised Statute 21:513 this report is a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
December 30, 2022

AUDIT FINDINGS

TOWN OF STONEWALL, LOUISIANA

Schedule of Findings and Responses

For the Year ended June 30, 2022

SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

We have audited the basic financial statements of Town of Stonewall, Louisiana as of and for the year ended June 30, 2022, and have issued our report thereon dated December 30, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements as of June 30, 2022, resulted in an unmodified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL AND OTHER MATTERS TO THE FINANCIAL STATEMENTS:

Internal Control

Significant Deficiency
Material Weakness

Yes

No

Yes

No

Compliance

Compliance Material to Financial Statements
Other Matters

Yes

No

Yes

No

FEDERAL AWARDS

Not applicable

MANAGEMENT LETTER

None.

MANAGEMENT'S CORRECTIVE ACTION PLAN

None.

Part II. Findings relating to the Financial Statements which are required to be reported under *Government Auditing Standards*.

FINDINGS RELATED TO INTERNAL CONTROL

None.

FINDINGS RELATED TO COMPLIANCE

None.

TOWN OF STONEWALL, LOUISIANA
Summary Schedule of Prior Year Findings
For the year ended June 30, 2022

None.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFE
122 Jefferson Street
Mansfield, LA 71052
www.deesgardnercpas.com

Maura Dees Gardner, CPA, CFE
1659 Hwy 171 / P.O. Box 328
Stonewall, LA 71078
Phone: (318) 872-3007

Independent Accountant's Report On Applying Agreed-Upon Procedures

The Honorable Kenneth Kaffka, Mayor
and the Members of the Town Council
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Stonewall (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021, through June 30, 2022. The Town's management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021, through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures of the Town were obtained and were found to address the sections noted above.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

Obtained and inspected the board minutes for the fiscal period, as well as the board's enabling legislation and bylaws in effect during the fiscal period.

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were noted as a result of this procedure.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

No exceptions were noted as a result of this procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions were noted as a result of this procedure

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account and four additional accounts were selected for review.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions were noted as a result of this procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions were noted as a result of this procedure

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were noted as a result of this procedure

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites for the fiscal period and management's representation that the listing is complete were obtained. The only deposit site of the entity was selected.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations and management's representation that the listing is complete was obtained. A random collection location of the entity was selected.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Employees do share cash collection drawers, but the entity has compensating controls in place.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions were noted as a result of this procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were noted as a result of this procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions were noted as a result of this procedure.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions were noted as a result of this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions were noted as a result of this procedure.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were noted as a result of this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were noted as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions were noted as a result of this procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted as a result of this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

A listing of locations that process payments for the fiscal period and management's representation that the listing is complete were obtained. The only location of the entity was selected.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions were noted as a result of this procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions were noted as a result of this procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions were noted as a result of this procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions were noted as a result of this procedure.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions were noted as a result of this procedure.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions were noted as a result of this procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of active cards for the fiscal period and management's representation that the listing is complete were obtained.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

No exceptions noted were noted as a result of this procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were noted as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were noted as a result of this procedure

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
No applicable reimbursements reviewed.
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
No exceptions were noted as a result of this procedure.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
No exceptions were noted as a result of this procedure.
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
No exceptions were noted as a result of this procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation that the listing is complete were obtained.*
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
No applicable contracts were observed.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
No exceptions were noted as a result of this procedure.
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
No amendments to contracts were noted.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
No exceptions were noted as a result of this procedure.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete were obtained. Five employees of the entity selected for review.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions were noted as a result of this procedure.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions were noted as a result of this procedure.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were noted as a result of this procedure.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

No exceptions were noted as a result of this procedure.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions were noted as a result of this procedure.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions were noted as a result of this procedure.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

No exceptions were noted as a result of this procedure.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Section not applicable to entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Section not applicable to entity.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No misappropriations reported by entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were noted as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were noted as a result of this procedure.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were noted as a result of this procedure.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

The entity did not have any sexual harassment complaints in the current year.

- a) Number and percentage of public servants in the agency who have completed the training requirements;
100%.
- b) Number of sexual harassment complaints received by the agency;
0.
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
0.
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
0.
- e) Amount of time it took to resolve each complaint.
0.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
December 30, 2022